

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

NATIONAL PRODUCTS INC.,

Plaintiff,

v.

INNOVATIVE INTELLIGENT  
PRODUCTS, LLC d/b/a GPS LOCKBOX,

Defendant,

v.

JEFFREY CARNEVALI,

Third-Party Defendant.

C20-428 RAJ

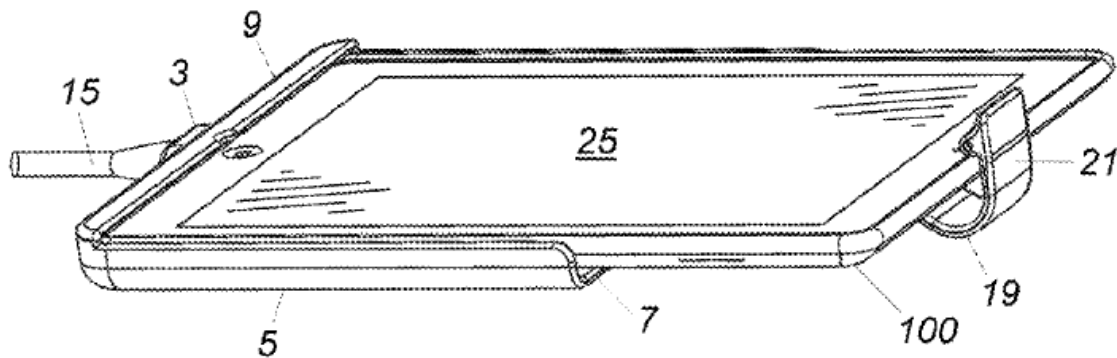
ORDER

THIS MATTER comes before the Court on a motion, docket no. 47, brought by plaintiff National Products Inc. (“NPI”) to dismiss certain counterclaims and to strike certain affirmative defenses. Having reviewed all papers filed in support of, and in

opposition to, the motion, and having concluded that the motion can be decided without oral argument, the Court enters the following Order.

### **Background**

In this action, NPI has asserted patent infringement claims against defendant Innovative Intelligent Products, LLC d/b/a GPS Lockbox (“GPS”) relating to four (4) patents: U.S. Patents Nos. 9,706,026 (the “’026 Patent”), 10,454,515 (the “’515 Patent”), 10,630,334 (the “’334 Patent”), and 10,666,309 (the “’309 Patent”). See 2d Am. Compl. (docket no. 43). Each of the patents-in-suit is titled “Docking Sleeve with Electrical Adapter,” and each discloses a “protective arrangement for an electronic device” and a “fixedly positioned” adapter having a “male plug” that can mate with the “female socket of the device.” See Exs. A–C to Am. Compl. (docket nos. 14-1, 14-2, & 14-3) (’026,



’515, and ’334 Patents); Ex. A to McMichael Decl. (docket no. 48-1) (’309 Patent). Each patent contains the following illustration of an embodiment of the invention:

Fig. 2 of ’026, ’515, ’334, & ’309 Patents (docket nos. 14-1, 14-2, 14-3, & 48-1).

The above figure shows an electronic device with a touch-sensitive screen display **25**, inserted into the cavity of a protective cover **100**, a docking cradle **5** that has a tray **7** with a base receiver **9**, a docking connector **3**, which includes a plurality of biasing

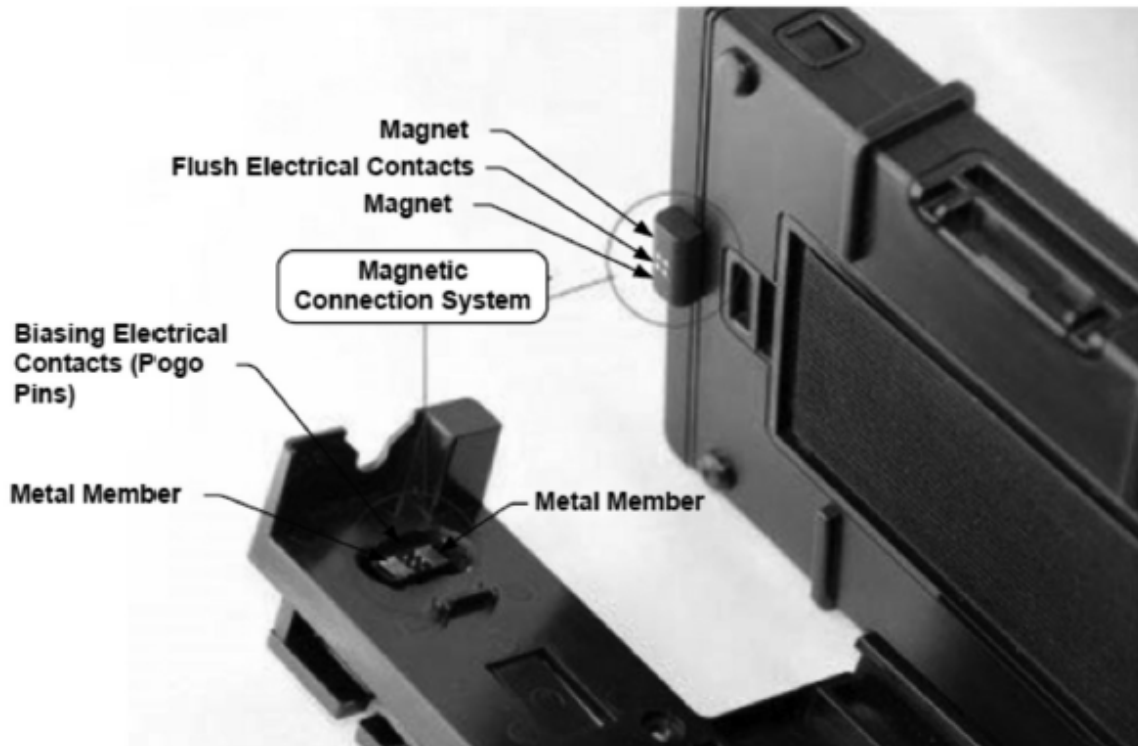
1 electrical contacts (typically biasing pogo pins or biasing leaf spring contacts) that are  
2 coupled to leads in a cable **15**, and a clamp **19**, which has a compression component or  
3 arm **21**. See '026, '515, '334, and '309 Patents at Cols. 6–10. All of the patents-in-suit  
4 identify Jeffrey D. Carnevali as the inventor, and indicate that NPI is the assignee and  
5 applicant. Id. at 1.

6 In response to NPI's Second Amended Complaint, GPS filed a Third Amended  
7 Answer and Amended Counterclaims ("3d Am. Ans."), docket no. 38.<sup>1</sup> In its operative  
8 pleading, GPS has asserted twelve (12) affirmative defenses, four (4) of which NPI  
9 moves to strike, and seventeen (17) counterclaims, the last nine (9) of which NPI moves  
10 to dismiss. GPS alleges, in essence, that Joseph Todrzak of GPS is the inventor (or at  
11 least a co-inventor) of the technology at issue, that the patents-in-suit were procured by  
12 fraud on the U.S. Patent and Trademark Office ("PTO"), and that NPI has misused the

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14  
15 <sup>1</sup> NPI accuses GPS of violating Federal Rule of Civil Procedure 15, which permits a party to  
16 amend its pleading "once as a matter of course" within 21 days after (i) serving it, (ii) service of  
17 a responsive pleading, or (iii) service of a motion under Rule 12(b), (e), or (f), whichever is  
18 earlier. See Fed. R. Civ. P. 15(a)(1). NPI contends that GPS used its "once as a matter of  
19 course" opportunity when it filed its Second Amended Answer and Amended Counterclaims,  
20 docket no. 35, on December 8, 2020. Citing Ramirez v. County of San Bernardino, 806 F.3d  
21 1002 (9th Cir. 2015), GPS counters that all prior amendments of its responsive pleading were  
22 filed with NPI's consent, as "other amendments" pursuant to Rule 15(a)(2), and that it invoked  
23 its "once as a matter of course" right only in filing its Third Amended Answer and Amended  
Counterclaims, docket no. 38. NPI does not dispute that GPS's latest pleading was filed within  
21 days after NPI filed its original motion to dismiss, docket no. 36, which was later voluntarily  
withdrawn, see Notice (docket no. 44), and NPI has not disagreed with GPS's characterization of  
its earlier amendments as having been filed upon agreement of the parties, see Reply (docket  
no. 69); see also Stip. Mot. (docket no. 32). The Court finds no procedural deficiency in GPS's  
operative pleading, but to the extent that GPS had already exercised its "once as a matter of  
course" option, the Court hereby GRANTS leave to amend nunc pro tunc and considers GPS's  
Third Amended Answer and Amended Counterclaims properly filed.

1 patents to engage in anticompetitive behavior. See 3d Am. Ans. at ¶¶ 97–407 (docket  
2 no. 38). According to GPS, while attending a trade show in Las Vegas in January 2014,  
3 Todrzak met representatives of a South Korean company known as Dae Han and learned  
4 of a magnetic connection system marketed under the brand name “Magtron.” Id. at  
5 ¶ 103. By early February 2014, the Magtron system had been incorporated into GPS’s  
6 electronic-device cradle called the Ultra Pro 7. Id. at ¶¶ 111–13. GPS avers that, since  
7 early 2014, the magnetic connection system and other material features of the Ultra Pro 7  
8 have remained substantially the same, and that they are incorporated into the Accused  
9 Products, namely ATMOS cradle kits, ELD vehicle mount kits, Flex II cradle kits,  
10 Flex III ATMOS cradle kits, Eclipse PTT and ATMOS cradle packages, Push-to-Talk  
11 cradle packages, and various GPS Lockbox Rugged Cases, all of which are designed for  
12 Samsung devices. See id. at ¶ 116; see also 2d Am. Compl. at ¶¶ 29, 36, 45, & 52  
13 (docket no. 43) (describing the Accused Products). In its operative pleading, GPS has  
14 offered the following view of the magnetic connection system at issue:



3d Am. Ans. at ¶ 114 (docket no. 38).

GPS indicates that Todrzak and a colleague, Jack Dovey, “presented, offered for sale, and otherwise made public” the Ultra Pro 7 (and two other products containing the magnetic connection system) at the Sprint Trade Show in Seattle, which was held in February 2014. *Id.* at ¶ 118. GPS further alleges that, in March or April 2014, Todrzak and Dovey met with Jake Parker and Aaron Hursey (misspelled in GPS’s pleading and hereinafter appearing as “Hersey”) of NPI at NPI’s offices in Seattle and showed them the Ultra Pro 7, to explore the possibility of collaborating on its production. *Id.* at ¶¶ 129–38. According to GPS, in August 2014, NPI filed a patent application that was the first one to include any reference to a magnetic connection system. *See id.* at ¶¶ 145–53. Several more patent applications followed, and during the entire period of patent

1 prosecution, GPS and NPI were competitors in a “relatively small market of customers,”  
2 but NPI never disclosed GPS’s products to the PTO. Id. at ¶¶ 201–02.

3       The first eight (8) of GPS’s counterclaims seek declaratory relief of invalidity and  
4 non-infringement as to the four (4) patents-in-suit, and they are not the subject of NPI’s  
5 motion to dismiss. GPS’s remaining counterclaims, which NPI seeks to dismiss, are as  
6 follows: Counts Nine, Ten, and Eleven allege inequitable conduct before the PTO,  
7 Count Twelve seeks a declaratory judgment that Todrzak is a co-inventor of one or more  
8 of the patents-in-suit, Count Thirteen accuses NPI of patent mismarking, Count Fourteen  
9 pleads a violation of the unfair competition provisions of Washington’s Consumer  
10 Protection Act (“CPA”), Counts Fifteen and Seventeen claim that NPI has engaged in  
11 anticompetitive conduct in violation of Washington and federal law, respectively, and  
12 Count Sixteen asserts that NPI tortiously interfered with GPS’s economic relations. Id. at  
13 ¶¶ 219–407. GPS’s eighth affirmative defense, which NPI moves to strike, overlaps with  
14 its Ninth, Tenth, and Eleventh Counterclaims alleging inequitable conduct. See id. at  
15 ¶ 70. NPI also asks that the Court strike GPS’s ninth, tenth, and twelfth affirmative  
16 defenses of patent misuse, license, and unclean hands, respectively. See id. at ¶¶ 71, 72–  
17 77, & 80. Finally, counsel for NPI, which has not appeared on behalf of Carnevali,  
18 argues that GPS did not timely join Carnevali as a defendant and has not adequately  
19 pleaded claims for individual liability against him.

1 **Discussion**

2 **A. Counterclaims**

3 A motion brought pursuant to Federal Rule of Civil Procedure 12(b)(6) to dismiss  
4 a counterclaim is evaluated under the same standards applicable to a motion to dismiss a  
5 complaint. See Lemman v. Foley, No. C20-591, 2020 WL 7181055, at \*1 (W.D. Wash.  
6 Dec. 7, 2020). In a patent case, Rule 12(b)(6) motions are governed by regional circuit  
7 law. Deep9 Corp. v. Barnes & Noble, Inc., No. C11-35, 2012 WL 13019208, at \*2  
8 (W.D. Wash. July 11, 2012) (citing McZeal v. Sprint Nextel Corp., 501 F.3d 1354, 1355–  
9 56 (Fed. Cir. 2007), and Polymer Indus. Prods. Co. v. Bridgestone/Firestone, Inc., 347  
10 F.3d 935, 937 (Fed. Cir. 2003)). The Ninth Circuit instructs that, when considering a  
11 Rule 12(b)(6) motion to dismiss, the Court must accept all well-pleaded facts as true and  
12 draw all reasonable inferences in favor of the non-moving party. See id. (citing Wyler  
13 Summit P’ship v. Turner Broad. Sys., Inc., 135 F.3d 658, 661 (9th Cir. 1998)).

14 Although a pleading challenged by a Rule 12(b)(6) motion to dismiss need not  
15 provide detailed factual allegations, it must offer “more than labels and conclusions” and  
16 contain more than a “formulaic recitation of the elements of a cause of action.” Bell Atl.  
17 Corp. v. Twombly, 550 U.S. 544, 555 (2007). A pleading may be lacking for one of two  
18 reasons: (i) absence of a cognizable legal theory, or (ii) insufficient facts to support a  
19 cognizable legal claim. Robertson v. Dean Witter Reynolds, Inc., 749 F.2d 530, 534 (9th  
20 Cir. 1984). The question for the Court is whether the facts in the pleading sufficiently  
21 state a “plausible” ground for relief. Twombly, 550 U.S. at 570. If the Court dismisses a  
22 pleading or portions thereof, it must consider whether to grant leave to amend. Lopez v.  
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1 Smith, 203 F.3d 1122, 1130 (9th Cir. 2000); see Fed. R. Civ. P. 15(a)(2) (leave to amend  
2 should be “freely” given “when justice so requires”).

### 3 **1. Inequitable Conduct**

4 Although the Ninth Circuit’s procedural standards apply to NPI’s Rule 12(b)(6)  
5 motion, whether inequitable conduct has been adequately pleaded is a question of Federal  
6 Circuit, not regional circuit, jurisprudence because it “pertains to or is unique to patent  
7 law.” Deep9, 2012 WL 13019208, at \*2 (citing Exergen Corp. v. Wal-Mart Stores, Inc.,  
8 575 F.3d 1312, 1326 (Fed. Cir. 2009)). “The substantive elements of inequitable conduct  
9 are: (1) an individual associated with the filing and prosecution of a patent application  
10 made an affirmative misrepresentation of a material fact, failed to disclose material  
11 information, or submitted false material information; and (2) the individual did so with a  
12 specific intent to deceive the PTO.” Id. Although scienter may be alleged generally, a  
13 pleading of inequitable conduct must, in addition to stating the who, what, when, where,  
14 and how of the material misrepresentation or omission, “include sufficient facts from  
15 which a court can ‘reasonably infer that a specific individual both knew of the  
16 invalidating information that was withheld from the PTO and withheld that information  
17 with a specific intent to deceive the PTO.’” Id. (quoting Delano Farms Co. v. Cal. Table  
18 Grape Comm’n, 655 F.3d 1337, 1350 (Fed. Cir. 2011)); see also Fed. R. Civ. P. 9(b).

19 GPS’s three theories of inequitable conduct are as follows: with the intent to  
20 deceive the PTO, Carnevali, a co-owner of NPI, and/or others acting on his behalf  
21 (i) misrepresented to the PTO that he was the sole inventor as to the patents-in-suit;  
22 (ii) misrepresented (or made inconsistent representations) to the PTO concerning the state  
23



1 of the art related to biasing contacts (biasing pogo pins or biasing leaf spring contacts);  
2 and/or (iii) withheld from the PTO information about the Ultra Pro 7 and other GPS  
3 products. See 3d Am. Ans. at ¶¶ 219–340 (docket no. 38).

4 With regard to the first claim of inequitable conduct (the Ninth Counterclaim),  
5 NPI argues that GPS has not pleaded enough to establish joint inventorship and that GPS  
6 has not provided corroboration for its assertion that Todrzak and Dovey met with Parker  
7 and Hersey in March or April 2014. GPS, however, need not prove joint inventorship to  
8 establish inequitable conduct; the crux of its claim is that NPI copied GPS’s design and  
9 that Carnevali, with knowledge of this fact, misrepresented to the PTO that he invented  
10 the magnetic connection system disclosed in the various patents-in-suit. GPS also need  
11 not, at this stage of the proceedings, proffer evidence to support its factual statements;  
12 rather, the Court must accept the allegations of GPS’s operative pleading as true and  
13 draw all reasonable inferences in favor of GPS. Having done so, the Court concludes that  
14 GPS’s Ninth Counterclaim for inequitable conduct is sufficiently pleaded. Whether this  
15 particular accusation of inequitable conduct has merit is a question for another day.

16 As to GPS’s second claim of inequitable conduct (the Tenth Counterclaim), NPI  
17 does not rely on an absence of a cognizable legal theory or supporting facts, but rather  
18 disputes the inferences to be drawn from the allegations of the operative pleading. GPS  
19 asserts that NPI indicated in five patent applications filed between February 24, 2014,  
20 and March 24, 2015, that “[m]ost docking cradles . . . use some sort of biasing pogo pin  
21 or biasing leaf spring contact in the docking connector.” 3d Am. Ans. at ¶¶ 275–78. The  
22 applications that ripened into the patents-in-suit, however, did not contain this statement  
23

1 about biasing contacts, id. at ¶¶ 279–80, and in response to the patent examiner’s initial  
2 rejections based on prior art, Carnevali (or others on his behalf) amended the claim  
3 language to specify biasing contacts, id. at ¶¶ 283–291. GPS alleges that, but for this  
4 change, the claims of the patents-in-suit would not have been allowed, see id. at ¶ 301  
5 (quoting Notice of Allowance for ’026 Patent (Application No. 14/936,517)), and that  
6 omission of the earlier explanation about the state of the art relating to biasing contacts  
7 violated the duty of candor owed to the PTO.

8         In seeking to dismiss the Tenth Counterclaim, NPI denies that it “removed” the  
9 statement about biasing contacts, but this argument involves mere semantics; GPS’s  
10 pleading is best understood as alleging that the statement was “omitted,” as opposed to  
11 “removed,” from the relevant patent applications. NPI also explains that the patent  
12 examiner, not NPI, indicated that the prior art did not disclose biasing contacts, but this  
13 account of events misses the point of GPS’s accusation. GPS contends that, because  
14 Carnevali (or others acting on his behalf) omitted the statement about biasing contacts,  
15 the patent examiner was misled into believing that biasing contacts were novel over the  
16 prior art. Again, whether GPS’s accusation of inequitable conduct has merit is an issue  
17 for another time; for now, the Court concludes that GPS has provided the requisite who,  
18 what, when, where, and how in support of its Tenth Counterclaim.

19         With respect to the last claim of inequitable conduct (the Eleventh Counterclaim),  
20 NPI again tries to deny the factual allegations of GPS’s Third Amended Answer and  
21 Amended Counterclaims. NPI, however, cannot prevail on a motion to dismiss by  
22 insisting on evidence to corroborate the operative pleading. NPI also discounts the  
23

1 reasonable inferences to be drawn from the factual information proffered by GPS,  
2 arguing that, even if Todorzak and Dovey did meet with Parker and Hersey, GPS has not  
3 plausibly suggested that Carnevali was told (by Parker or Hersey) about the Ultra Pro 7  
4 or knew he should have disclosed it to the PTO. GPS has, however, further indicated that  
5 Carnevali is one of NPI's owners, that the first patent application listing Carnevali as the  
6 inventor in which a magnetic connection system was disclosed was filed a few months  
7 after Todorzak and Dovey supposedly showed the Ultra Pro 7 to Parker and Hersey, that  
8 NPI and GPS were (and still are) competitors in a small market, and that the Ultra Pro 7  
9 and GPS's other products were publicly available during the period when the patents-in-  
10 suit were being prosecuted. Taken together, these factual assertions, along with the  
11 alleged meeting in the spring of 2014, give rise to a reasonable inference and plausible  
12 claim that Carnevali was aware of GPS's magnetic connection system and intentionally  
13 withheld it from the PTO. GPS will be permitted to further develop its Eleventh  
14 Counterclaim for inequitable conduct.

## 15       **2. Co-Inventorship**

16       GPS's Twelfth Counterclaim, seeking a declaration that Todorzak is a co-inventor  
17 of one or more of the patents-in-suit, is pleaded under 35 U.S.C. § 256. See 3d Am. Ans.  
18 at ¶ 343 (docket no. 38). Section 256, however, is "limited in effect and cannot properly  
19 be the vehicle for substituting [or adding] inventors on a patent . . . [based on] a claim  
20 sounding in . . . fraud." Bemis v. Chevron Rsch. Co., 599 F.2d 910, 912 (9th Cir. 1979).  
21 Section 256 provides a remedy for "only innocent errors in joinder or non-joinder of  
22 inventors." Id. GPS does not assert inadvertence or mere oversight in omitting Todorzak  
23

1 as a co-inventor, but rather contends his exclusion was fraudulent, and thus, GPS has not  
2 stated a cognizable claim under § 256. No purpose would be served in allowing GPS to  
3 amend its Twelfth Counterclaim; if Carnevali is not the sole inventor (an assertion that  
4 must be proven by clear and convincing evidence), then the patents-in-suit are invalid and  
5 Todorzak could not be simply joined as a co-inventor. See Solomon v. Kimberly-Clark  
6 Corp., 216 F.3d 1372, 1381 (Fed. Cir. 2000). In light of these rulings, the Court need not  
7 address NPI's arguments concerning the substantive deficiencies of GPS's assertion that  
8 Todorzak is a co-inventor of one or more of the patents-in-suit.

9 **3. Patent Mismarking**

10 GPS's Thirteenth Counterclaim is brought under 35 U.S.C. § 292, which prohibits  
11 inter alia affixing on an unpatented article the word "patent" (or a word or number  
12 implying that the item is patented) for the purpose of deceiving the public. GPS contends  
13 that NPI has engaged in this type of patent mismarking by listing its patents on a website  
14 in a vague, confusing, or inaccurate manner, rather than specifying the relevant patents on  
15 its products or accompanying literature. See 3d Am. Ans. at ¶¶ 351–60 (docket no. 38).  
16 Because § 292 claims sound in fraud, the heightened pleading standards of Rule 9(b)  
17 apply. See Music Grp. Servs. US Inc. v. Peavey Elecs. Corp., No. C10-2066, 2011 WL  
18 13232515, at \*2 (W.D. Wash. June 21, 2011). To survive a Rule 12(b)(6) challenge, an  
19 accusation of mismarking must contain particularized allegations plausibly showing (i) an  
20 unpatented article was (ii) marked in a way that falsely suggested it is patented (iii) with  
21 the intent of deceiving the public. See id. (citing Brinkmeier v. Graco Child.'s Prods.  
22 Inc., 684 F. Supp. 2d 548, 551 (D. Del. 2010)).

1 An item is “unpatented” within the meaning of § 292 if it is “not covered by at  
2 least one claim of each patent with which the article is marked.” Clontech Labs., Inc. v.  
3 Invitrogen Corp., 406 F.3d 1347, 1352 (Fed. Cir. 2005). If a product is mismarked as  
4 “patented,” then the inquiry is whether the accused party had a reasonable belief that the  
5 article was covered by the patent or patents at issue. Id. at 1352–53. An honest, but  
6 mistaken, view that a mismarked item was indeed patented cannot be a basis for liability,  
7 but the mere assertion of a lack of intent to deceive is also not a sufficient defense. Id.  
8 at 1352. The question of intent is measured by objective criteria and “the *fact* of  
9 misrepresentation coupled with proof that the party making it had knowledge of its falsity  
10 is enough to warrant drawing the inference that there was a fraudulent intent.” Id.  
11 (emphasis in original). To survive a motion to dismiss, a mismarking claim must contain  
12 “specific underlying facts” tending to show the requisite knowledge from which intent  
13 may be inferred. See In re BP Lubricants USA Inc., 637 F.3d 1307, 1311–12 (Fed.  
14 Cir. 2011).

15 In its operative pleading, GPS indicates that (i) NPI sell numerous products under  
16 the trademarks “GDS” and “IntelliSkin,” (ii) some of these items are not covered by any  
17 of the patents-in-suit, (iii) NPI’s website associates all of the patents-in-suit with the  
18 “GDS” and “IntelliSkin” branded articles, see Ex. E to Tamimi Decl. (docket no. 37-5)  
19 (printed from NPI’s webpage <https://www.rammount.com/legal>), and (iv) NPI has  
20 admitted in discovery that it sells no embodiment of the claims of one of the four patents-  
21 in-suit, namely the ’334 Patent. 3d Am. Ans. at ¶¶ 358–59 (docket no. 38). NPI counters  
22 that its website contains the explanation that its RAM® products are “covered under one  
23

1 or more of the following patents,” which “undercuts” GPS’s premise that NPI intended to  
2 deceive the public; NPI contends that its overbroad listing of patents serves the public  
3 interest by providing notice of all “patents that would need to be avoided to launch a  
4 competing product.” Mot. at 18–19 (docket no. 47). NPI further argues that GPS’s  
5 failure to allege that any of NPI’s products are not covered by at least one patent is fatal  
6 to its mismarking claim.

7 NPI cites no legal authority to support its propositions concerning what GPS must  
8 plead or eventually prove, and Clontech, which NPI did not cite, actually contradicts  
9 NPI’s contentions. Clontech suggests that NPI’s attempted disclaimer (“one or more of  
10 the following”) is ineffective and that at least one claim of each listed patent must “read  
11 on” the marked article. The Federal Circuit opinion also undermines NPI’s apparent  
12 assertion that, if at least one listed patent covers the marked product, then the product is  
13 not “unpatented” within the meaning of § 292. NPI’s mistake in enumerating more  
14 patents than it honestly believed protected its “GDS” and “IntelliSkin” articles appears to  
15 be one of law, not of fact, and the Court concludes that GPS has adequately pleaded the  
16 requisite knowledge from which an intent to deceive may be inferred. Thus, GPS’s  
17 Thirteenth Counterclaim remains in the case.

#### 18 **4. CPA Violation**

19 Other than noting that an individual may be held personally liable for a CPA  
20 violation, see Resp. at 23 (docket no. 67), GPS has made no effort to support its  
21 Fourteenth Counterclaim. A CPA claim is preempted when it merely restates claims  
22 that are or could be brought under federal patent law. See Milo & Gabby, LLC v.  
23

1 Amazon.com, Inc., 12 F. Supp. 3d 1341, 1347 (W.D. Wash. 2014). GPS's operative  
2 pleading does not set forth subject matter for the CPA claim that is outside the realm of  
3 patent law, and GPS has not stated a cognizable claim for unfair competition under  
4 RCW 19.86.020. The Court recognizes that NPI did not invoke preemption as a basis for  
5 dismissal, and the Court will therefore grant leave to amend, but reminds GPS and its  
6 attorneys of their obligations under Federal Rule of Civil Procedure 11 and 28 U.S.C.  
7 § 1927.

8 **5. Anticompetitive Behavior**

9 GPS's Fifteenth and Seventeenth Counterclaims are predicated on GPS's assertion  
10 that the patents-in-suit were procured through fraud. An entity that obtained a patent by  
11 fraud may not enjoy the limited exception for patents to the monopoly prohibitions of  
12 Section 2 of the Sherman Act. See Walker Process Equip., Inc. v. Food Mach. & Chem.  
13 Corp., 382 U.S. 172, 175–77 (1965); see also 15 U.S.C. § 2. Because a Walker Process  
14 monopolization claim arises under the Sherman Act (or state antitrust law), and not patent  
15 law, it must be evaluated under regional circuit (or state) jurisprudence. See Chandler v.  
16 Phoenix Servs. LLC, 1 F.4th 1013 (Fed. Cir. 2021) (concluding that the Federal Circuit  
17 lacks appellate jurisdiction as to a standalone Walker Process monopolization claim).  
18 Use of a fraudulently-acquired patent constitutes an antitrust violation if the patent was  
19 employed to produce (or attempt to produce) monopoly power in a specified market. See  
20 Bourns, Inc. v. Raychem Corp., 331 F.3d 704, 711 (9th Cir. 2003). To establish liability  
21 for monopolization, GPS must show that (i) NPI possessed monopoly power in the  
22 relevant market; (ii) NPI willfully acquired or maintained such power; and (iii) GPS  
23

1 suffered causal antitrust injury. See Fed. Trade Comm’n v. Qualcomm Inc., 969 F.3d  
2 974, 989–90 (9th Cir. 2020). To prove attempted monopolization, GPS must demonstrate  
3 that (i) NPI engaged in predatory or anticompetitive conduct with (ii) a specific intent to  
4 monopolize and (iii) a dangerous probability of achieving monopoly power. See  
5 Spectrum Sports, Inc. v. McQuillan, 506 U.S. 447, 456 (1993); see also Cascade Health  
6 Sols. v. PeaceHealth, 515 F.3d 883, 893 (9th Cir. 2008). But see Boeing Co. v. Sierracin  
7 Corp., 108 Wn.2d 38, 59, 738 P.2d 665 (1987) (declining to adopt “dangerous probability  
8 of success” as an element of a claim under RCW 19.86.040 because it may be inferred  
9 from specific intent and monopoly power, citing Lessig v. Tidewater Oil Co., 327 F.2d  
10 459, 474–75 (9th Cir. 1964), abrogated by Spectrum Sports, 506 U.S. at 457–59).

11 NPI contends that GPS’s antitrust counterclaims should be dismissed because  
12 GPS has not (i) adequately pleaded inequitable conduct, (ii) defined the relevant market,  
13 or (iii) alleged an antitrust injury. NPI’s first argument fails for the reasons set forth in  
14 Section A.1 of this discussion. NPI’s second ground for dismissal accuses GPS of  
15 defining the market in a “hyper-narrow” manner, see Mot. at 16 (docket no. 47), but the  
16 authority on which NPI relies does not support such conclusion. See Adidas Am., Inc. v.  
17 Nat’l Collegiate Athletic Ass’n, 64 F. Supp. 2d 1097 (D. Kan. 1999). As explained in  
18 Adidas, “a relevant market must be defined by ‘the interchangeability of use or the cross-  
19 elasticity of demand between the product [in question] and substitutes for it.’” Id. at  
20 1102 (quoting Brown Shoe Co. v. United States, 370 U.S. 294, 325 (1962)). GPS’s  
21 operative pleading satisfies this standard; it indicates that four or five entities, including  
22 NPI and GPS, are the primary suppliers of articles similar to the Accused Products, and it  
23



1 names ProClip USA Inc. (“ProClip”), Brodit AB (“Brodit”), and Arkon Resources, Inc.  
2 (“Arkon”) as the other competitors. 3d Am. Ans. at ¶¶ 378–81 (docket no. 38). NPI does  
3 not contend that GPS has omitted one or more sources of interchangeable or substitute  
4 goods or that GPS could not cure any deficiency by amending its definition of the  
5 relevant market. Thus, NPI has not demonstrated that failure to plead the relevant market  
6 constitutes a basis to dismiss with prejudice GPS’s counterclaims under Sherman Act § 2  
7 and/or RCW 19.86.040.

8 NPI’s last assertion, namely that GPS has not alleged an antitrust harm, likewise  
9 lacks merit. GPS’s operative pleading indicates that NPI has sued ProClip and Brodit in  
10 the District of Wisconsin for infringement of at least two of the patents-in-suit in this  
11 matter, and that NPI has entered into a licensing agreement with Arkon after suing it for  
12 patent infringement. See 3d Am. Ans. at ¶¶ 379 & 381. In essence, GPS contends that  
13 NPI is using the patents-in-suit, which were allegedly obtained through fraud, to try to  
14 force every competitor out of the market. Of course, if the patents-in-suit are valid, NPI  
15 may, without fear of antitrust liability, exercise its right to exclude others from practicing  
16 the art described therein. See In re Indep. Serv. Orgs. Antitrust Litig., 203 F.3d 1322,  
17 1325 (Fed. Cir. 2000) (“The commercial advantage gained by new technology and its  
18 statutory protection by patent do not covert the possessor thereof into a prohibited  
19 monopolist.” (quoting Abbott Labs. v. Brennan, 952 F.2d 1346, 1354 (Fed. Cir. 1991))).  
20 On the other hand, if the patents-in-suit are tainted by inequitable conduct before the  
21 PTO, then NPI’s systematic use of them in litigation against its competitors results in the  
22 type of anticompetitive injury that the Sherman Act and RCW 19.86.040 are intended to  
23

rectify. See id. at 1326 (citing Walker Process, 382 U.S. at 177). The Court concludes that GPS's Fifteenth and Seventeenth Counterclaims are adequately pleaded.

## 6. Tortious Interference

In response to NPI's motion to dismiss, GPS offers minimal analysis concerning how the facts alleged in its operative pleading support its Sixteenth Counterclaim. The tort of interference with a business expectancy has five elements: (i) the existence of a business expectancy; (ii) knowledge of that expectancy; (iii) interference with the expectancy done for an improper purpose or using improper means; (iv) termination of the expectancy induced or caused by the interference; and (v) resultant damage. See Greensun Grp., LLC v. City of Bellevue, 7 Wn. App. 2d 754, 768, 436 P.3d 397 (2019) (quoting Pac. Nw. Shooting Park Ass'n v. City of Sequim, 158 Wn.2d 342, 351, 144 P.3d 276 (2006)). In connection with the Sixteenth Counterclaim, the business expectancy at issue was the potential sale of GPS to a third party. See 3d Am. Ans. at ¶ 393 (docket no. 38). The operative pleading, however, does not indicate that NPI knew about the potential sale and does not explain how or why the potential sale was interrupted or terminated. Absent additional factual allegations, the Court cannot conclude that the tortious interference counterclaim is plausible. Although NPI has sought dismissal with prejudice, it has not made a showing that amendment would be futile. Thus, GPS will be provided an opportunity to try to correct the deficiencies of its Sixteenth Counterclaim.

## B. Affirmative Defenses

Like a Rule 12(b)(6) motion, a motion brought under Federal Rule of Civil Procedure 12(f) to strike one or more affirmative defenses is governed by regional circuit

1 law. See Ameranth, Inc. v. Pizza Hut, Inc., No. 11-CV-1810, 2012 WL 12918370, at \*2  
2 (S.D. Cal. June 26, 2012) (citing McZeal, 501 F.3d at 1355–56). The Court may strike  
3 from a pleading “any insufficient defense or any redundant, immaterial, impertinent, or  
4 scandalous matter.” Fed. R. Civ. P. 12(f). Motions to strike are generally disfavored and  
5 should be granted only when doing so will “save time and expense” by disposing of  
6 matters that “clearly could have no possible bearing on the subject of the litigation.”  
7 Ameranth, 2012 WL 12918370, at \*3 (citing Neilson v. Union Bank of Cal., N.A., 290  
8 F. Supp. 2d 1101, 1152 (C.D. Cal 2003), and quoting Platte Anchor Bolt, Inc. v. IHI, Inc.,  
9 352 F. Supp. 2d 1048, 1057 (N.D. Cal. 2004)).

10 Whether Twombly’s “plausibility” standard applies to affirmative defenses has not  
11 been addressed by the Ninth Circuit, and district courts have ruled in a variety of ways.  
12 Id. at \*3 & n.1. In Ameranth, in declining to require that affirmative defenses meet the  
13 “plausibility” test, the court reasoned that Rule 8(a)(2)’s requirement that a pleader  
14 “show” entitlement to relief, which is the language upon which Twombly’s doctrines are  
15 built, differs from Rule 8(c)’s directive that a responding party “state” its defenses. Id.  
16 The Ameranth Court further observed that practical and judicial economy considerations  
17 (for example, the limited time allowed to prepare an answer, avoidance of repeated  
18 amendments, and discouragement of motions to strike brought for dilatory or harassment  
19 purposes) support the traditional standard for pleading affirmative defenses, namely  
20 whether the statement provides “fair notice.” Id. at \*4 (citing Wyshak v. City Nat’l  
21 Bank, 607 F.2d 824, 827 (9th Cir. 1979)); see also Hargrove v. Hargrove, No. 16-1743,  
22 2017 WL 1788426, at \*1 (W.D. Wash. May 5, 2017) (“Courts generally decline to strike  
23

1 affirmative defenses unless the moving party shows [that] ‘there are no questions of fact,  
2 that any questions of law are clear and not in dispute, and that under no set of  
3 circumstances could the defense succeed.’”).

4 **1. Inequitable Conduct, Patent Misuse, and Unclean Hands**

5 For the same reasons NPI failed to demonstrate that GPS’s inequitable conduct  
6 counterclaims should be dismissed, NPI’s motion to strike GPS’s affirmative defenses of  
7 inequitable conduct, patent misuse, and unclean hands lacks merit. As drafted, these  
8 affirmative defenses give “fair notice” of GPS’s contention that it cannot be held liable  
9 for infringement of the patents-in-suit because they are invalid and/or unenforceable,  
10 NPI is misusing them, and/or NPI is equitably barred from recovering by its improper  
11 behavior.

12 **2. License**

13 In its tenth affirmative defense, GPS indicates that some of the Accused Products  
14 are covered by the aforementioned license between NPI and Arkon. 3d Am. Ans. at  
15 ¶¶ 73–76 (docket no. 38). GPS has further explained that it purchases (or has purchased)  
16 some of the Accused Products from Arkon. Resp. at 17 (docket no. 67). NPI, however,  
17 has proffered evidence outside the pleadings<sup>2</sup> showing that the license with Arkon  
18 concerns only U.S. Patent No. 6,585,212, which is not one of the patents-in-suit. See  
19 Settlement Agreement, Ex. E to McMichael Decl. (docket no. 48-5). In response, GPS

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21 <sup>2</sup> The directive requiring the Court to convert a Rule 12(b)(6) or 12(c) motion into one for  
22 summary judgment if matters outside the pleadings are presented and not excluded does not  
23 apply to Rule 12(f) motions to strike. See Fed. R. Civ. P. 12(d).

1 has not identified any other license that might support its affirmative defense, and thus,  
2 has not given the requisite “fair notice.” Moreover, NPI has met its burden to show that,  
3 with respect to GPS’s license defense, no questions of fact exist, the questions of law are  
4 clear and not in dispute, and given the circumstances, the defense cannot succeed. See  
5 Hargrove, 2017 WL 1788426, at \*1. GPS’s tenth affirmative defense is STRICKEN as  
6 insufficient. See Fed. R. Civ. P. 12(f).

7 **C. Individual Liability**

8 The record contains no indication that GPS’s third-party claims against Carnevali  
9 have been properly served, and no attorney has appeared on Carnevali’s behalf. Unless  
10 GPS takes the steps necessary to join Carnevali as a third-party defendant, the Court sees  
11 no purpose in addressing the arguments made by NPI concerning the insufficiency of  
12 GPS’s third-party claims against Carnevali. The Court notes, however, that Carnevali  
13 need not be individually named as a party with respect to GPS’s inequitable conduct  
14 counterclaims; the patents-in-suit have been assigned to NPI, and NPI is the real-party-in-  
15 interest in supporting their validity. See Delano Farms, 655 F.3d at 1342 (observing that,  
16 if a patentee has transferred all substantial rights in a patent to another, for example, an  
17 exclusive licensee, then the assignor is no longer regarded as the owner of the patent and  
18 need not be joined in any action brought on the patent).

19 **Conclusion**

20 For the foregoing reasons, the Court ORDERS:

21 (1) NPI’s motion, docket no. 47, is GRANTED in part, STRICKEN in part,  
22 and DENIED in part, as follows:

(a) GPS's Twelfth Counterclaim for a declaration of co-inventorship is DISMISSED with prejudice;

(b) GPS's Fourteenth Counterclaim for violation of the CPA is DISMISSED without prejudice and with leave to amend;

(c) GPS's Sixteenth Counterclaim for tortious interference with business expectancy is DISMISSED without prejudice and with leave to amend;

(d) GPS's tenth affirmative defense based on a license between NPI and Arkon is STRICKEN with prejudice;

(e) NPI's arguments advanced on behalf of Carnevali are STRICKEN as premature and not yet ripe for the Court's consideration; and

(f) NPI's motion is otherwise DENIED.

(2) Any amended pleading by GPS must be electronically filed within fourteen (14) days of the date of this Order. Any responsive pleading or motion by NPI shall be filed within fourteen (14) days thereafter. See Fed. R. Civ. P. 15(a)(3).

(3) The Clerk is directed to send a copy of this Order to all counsel of record.  
IT IS SO ORDERED.

Dated this 25th day of October, 2021.



The Honorable Richard A. Jones  
United States District Judge